

Types of Funds

- **State Funds** — Departments supported mainly by tuition revenues and state appropriations. These funds are used to support instruction, academic, and student programming, along with administrative processing departments such as Budget, Payroll, HR, and Controllers. **These funds are Fund 40 Unrestricted-State Funds. Note:** 1% Fund balance that needs to be paid back to the state.
- **Auxiliary Funds** — Departments that are considered self-supporting through the generation of fees and other revenue sources, such as Athletics, Dining Services, Housing, and Student Center. Please note that these departments follow the same budget development process as state funds. **These funds are Fund 40 Unrestricted-State Funds.**
- **Private Funds** — Includes financial support of students, departments, programs, or facilities from non-governmental sources such as individual donors, corporations, foundations, and private consortiums. **These funds are accepted by and held in the BSU Foundation.** Depending on the grant restriction or donor intent, the accounts are and administered by the recipient department, a grant PI or the Office of Private Scholarships and Grants.

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- **Grant Funds (public)** — Funds sponsored by outside agencies, either federal, private, or local, that are restricted for a specific use, such as Title III. All of which are managed through the Office of Research and Sponsored Programs and Grants Accounting. These funds have a PI associated with them who oversees the project. **These funds are Fund 43 Restricted-State Funds.**
- **Agency Funds** — Funds managed by the university on behalf of an internal group/organization. For example, the Student Government Association (SGA). Although they generate their funds similarly to self-supporting units, we ensure their spending is performed within the university's rules, regulations, and processes. **These funds are Fund 49.**

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- **Capital Budget Funds** — The university's Capital Budget finances the building of new facilities and major renovations, with projects planned many years in advance. For example, the MLK, Jr. Center and new Academic Commons Library. **These funds are part of the state's capital budget, and, by state law, the capital budget cannot be used for the operating budget or any other purpose.**
- **Plant Funds** — Plant funding is specifically for projects that involve a significant investment in the physical infrastructure of the university. These funds can come from various sources, including state capital outlay, bonds, gifts, the general fund, and other miscellaneous funding (Ex. Greenhouse, HVAC upgrades, Resident Hall Renovations). **These funds are distinct from operational funding.**

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Coalition Funds (*also known as the HBCU Settlement Funds*) are funds from the state budget that are used to fund academic programs, new faculty positions, and academic support. The funding is distributed by USM on a prorated basis to all the HBCUs in Maryland based on enrollment. The amount varies each year.

- The allocation is based on the percentage share of students enrolled during the immediately preceding academic year at each institution compared to the total number of students enrolled at the four HBCUs in the state of Maryland (BSU, CSU, UMES, and MSU).
- Funds may not supplant funds appropriated to public institutions of higher education in the state budget.

Types of Funds

Coalition Funds (continued)

- Funds may be used for the following purposes:
 - Scholarships and financial aid support services
 - Faculty recruitment and development
 - Expanding and improving existing academic programs, including online programs
 - Development, marketing, and implementation of new academic programs, including online programs
 - Academic support

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Private Funds come from non-governmental sources.

- Cannot be comingled with our State Budget.
- The BSU Foundation (BSUF) is the official 501c3 entity created to receive and house gifts and charitable grants. The donor intent defines the restricted use of the funding.
- PIs and beneficiary departments use the Request for Funding Form to issue payments from the specific BSUF account.
- Currently, BSUF charges no overhead against grants. The university infrastructure absorbs banking costs, e.g. credit card and wire charges.
- GIFT TYPES
 - Operating Gifts — The gift is added to or establishes an account whose purpose is to be “spent down.”
 - Endowed Gifts — The gift is added to or establishes a principal that is never spent. The YIELD provides revenue in perpetuity.

What is an Endowment?

- The “nest egg” for the institution’s long-term viability.
- Endowment funds are established in perpetuity with no end-date.
- The principal remains intact to be invested along with billions from across the University System of Maryland.
- The resulting annual investment income, or “yield,” is used to help the university. Most endowed gifts indicate how the annual yield is to be spent.
- Like a personal retirement account, touching the principal is difficult and financially detrimental.
- BSUF’s endowment comprises more than 200 funds, now totaling \$47 million dollars in value.
- It takes 6-18 months for a new endowment account to generate spendable income. The amount available each year depends on stock market conditions, averaging 4% of the endowment’s total value.

Q & A